



Strategic Plan for 2021-2025

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Definitions

- **Activities** are processes or actions that use a range of inputs to produce the desired outputs and ultimate outcomes. In essence, activities describe “what we do”.
- **Assumptions** are factors that are accepted as true and certain to happen without proof.
- **Budget sub-programme** is a constituent part of a programme that defines the services or activities that contribute to the achievement of the objective(s) of the programme of which it forms a part. Some of the defined services or activities could include key projects identified by a department.
- **Budget programme** is a main division within a department’s budget that funds a clearly defined set of objectives based on the services or functions within the department’s constitutional and legislative mandates. It also constitutes a management unit established within a department responsible for the delivery of that defined set of services and functions.
- **Impacts** are changes in conditions. These are the results of achieving specific outcomes, such as reducing poverty and creating jobs. Impacts seek to answer the question of “what do we aim to change”.
- **Indicators** are predetermined signals that a specific point in a process has been reached or a result has been achieved. It should include a unit of measurement that specifies what is to be measured along a scale or dimension, but should not indicate the direction or change. In addition, indicators can be qualitative or quantitative measures. (Refer to Guidelines for Implementation of the Revised Framework for Strategic and Annual Performance Plans, DPME, for the full list of indicators.)
- **Inputs** are the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
- **Outcomes** are “what we wish to achieve”; they are institutional and behavioural changes in development conditions that occur between the completion of outputs and the achievement of changes in the performance of institutions. They are the medium-term results for specific beneficiaries that are the consequence of achieving specific outputs.
- **Outputs** may be defined as “what we produce or deliver”. Outputs are also the building blocks towards the desired outcomes. They are the final products, or goods and services produced for delivery.
- **Performance information** includes planning, budgeting, implementation, monitoring, reporting and evaluation elements, which are key to effective management. Performance information

indicates how well an institution performs towards the achievement of its results. This information is vital in enhancing transparency, accountability and oversight.

- **Risks** are a potential, unwanted outcome that will affect the achievement of an institution's predetermined results and service delivery.
- **Strategic Plans** reflect institutional programmes and projects, which contribute to the achievement of the overall priorities of government, and the realisation of the mandate of the institution. They identify the impact and outcomes against which institutions can be measured and evaluated by Parliament, provincial legislatures and the public. Strategic Plans span over a five-year planning horizon, subsequent to an election year.
- **Targets** are the scores an institution would like to achieve and they must be time bound and achievable. Targets must be SMART.

Executive Authority Statement

The auditing profession has faced many challenges recently, and these have led to the integrity of auditors' work being questioned both locally and globally.

Auditors remain a key stakeholder in protecting the interests of the investing public and are a link in attracting much needed investments to the country.

To grow and create jobs, our economy relies on the integrity of our financial services industry. Regulators and governments, worldwide, are looking at the developments within the auditing profession, and the number of audit failures has been a major cause for concern.

The IRBA Strategic Plan for 2021-2025 will assist in restoring confidence and bring about the necessary change to the status of the auditing profession in the country. The implementation of restoring confidence projects will continue for the next few years, while the regulator and the profession find ways to address the current challenges.

Locally, we have to work hard to return to our high global ranking status as a country and as the auditing profession.

I would like to thank the Board and the management of the IRBA for their commitment to rebuilding trust in the profession and for considering this fundamental role in the development of the strategy over the next strategic period.

Restoring confidence in the auditing profession will take collective courage and commitment from all stakeholders. As the Executive Authority, I support this strategic plan and provide my commitment to ensuring its implementation.

Tito Mboweni

Minister of Finance

Executive Authority of the IRBA

Accounting Authority Statement

The Board, which is the Accounting Authority of the Independent Regulatory Board for Auditors (IRBA), participated in and guided the strategic planning process, while being mindful of local and global developments in the auditing profession, particularly those that have occurred since June 2017. These developments included various business failures, corporate corruption scandals, capital market losses and reputational damage to the accounting and auditing profession. The Board also considered the economic, political and financial sector developments since 2018, as well as the future outlook for the auditing profession and regulation. Against this backdrop, we are reminded of one of the State's priorities, which is to "clean up" the financial sector.

As such, the Board has identified a number of policy priorities that it wishes the IRBA executive to address. These are aligned to the public and national interest and are aimed at ensuring the sustainability and relevance of the profession and the regulator.

The IRBA's mandate comprises:

1. Setting **competency requirements** for auditors;
2. Issuing **standards and a code of ethics**; and
3. Monitoring **compliance and disciplining auditors**, when necessary.

The execution of the IRBA's mandate ensures that the financial interests of investors are protected and that high-quality audits are delivered, which in turn provides confidence in and reliance on financial statements and consequential investment. Ultimately, investment stimulates the financial markets and creates employment, which is a national imperative for the country.

Therefore, while the IRBA's mandate is limited to protecting the investing public, an outcome of the successful execution of this mandate will ultimately benefit the wider public.

Economic Priorities

The country is faced with a sluggish economy¹, the highest unemployment figures in the past 20 years², and JSE-listed entities that are reporting that revenues are under pressure due to lack of economic growth and declining consumer spending.

¹ In South Africa, real economic growth slowed from a revised 2.6% in the third quarter of 2018 to 1.4% in the fourth quarter. The real gross value added (GVA) by the primary sector contracted for a fourth successive quarter, while output growth slowed in the secondary and tertiary sectors. For 2018 as a whole, growth in real gross domestic product (GDP) moderated to 0.8% from an upwardly revised 1.4% in 2017. South Africa's GDP per capita has decreased since 2015, consistent with the current downward phase of the business cycle. SARB Quarterly Bulletin, March 2019. <https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/9148/01Full%20Quarterly%20Bulletin%20%E2%80%93%20March%202019.pdf>

² The number of unemployed South Africans increased notably over this period, with the seasonally adjusted unemployment rate rising to a record high of 27.7% in the fourth quarter of 2018. SARB Quarterly Bulletin, March 2019.

In the 2019 Medium Term Budget Policy Statement, Tito Mboweni, Minister of Finance, in his global and economic outlook for the South African economy, noted that the country's growth forecast has been revised down from 1.5% to 0.5%, and that growth would be expected to reach 1.7% in 2022. Therefore, seeking economic growth is a significant priority for the government and is in the national interest.

Political instability could result in a future landscape that will increase opportunities for corruption and business failures and create a more challenging environment in which auditors and regulators will be required to discharge their responsibilities.

However, the Board is encouraged by the recent economic paper out for comment, issued by the Minister of Finance and titled *Economic transformation, inclusive growth and competitiveness: Towards an Economic Strategy for South Africa*, specifically with regard to the issues highlighted in the table below.

Relevant Aspects in the Paper ³	Alignment to the IRBA Strategy
Lowering barriers to entry and addressing distorted patterns of ownership through increased competition and small business growth.	Addressing the concentration in the audit market and the dominance of the global networks through initiatives such as Mandatory Audit Firm Rotation.
Unregulated areas dominated by large state-owned entities should have economic activities regulated by independent agencies; and government should ensure that regulators have capacity to effectively perform their functions.	The IRBA is proposing a Comprehensive Regulator Model to incorporate the regulation of all role players in the financial reporting chain, and not only auditors, in order to manage systemic risk.
Economic institutions that support growth require a capable state as well as a functional relationship between the state and the private sector.	The IRBA's inspections, investigations and disciplinary resources are aligned to ensuring audit quality restores public trust and confidence in the economy. These areas require additional resources to deliver on its responsibilities.

Reputational Crisis and the Board's Strategic Response

The Board approached its planning having considered the changed public sentiment towards auditors, auditing and the broader accounting profession due to several high-profile scandals, investigations and disciplinary hearings. The reputational crisis for the profession broke the public trust through what was seen as unethical behaviour by the very beacons of integrity, trust and independence.⁴

<https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/9148/01Full%20Quarterly%20Bulletin%200%E2%80%93%20March%202019.pdf>

³ http://www.treasury.gov.za/comm_media/press/2019/Towards%20an%20Economic%20Strategy%20for%20SA.pdf

⁴ Who broke auditing and can it be fixed? Ann Crotty, Financial Mail, 8 August 2019.

<https://www.businesslive.co.za/fm/features/cover-story/2019-08-08-who-broke-auditing-and-can-it-be-fixed/>

Since June 2017, the public has felt betrayed, pensioners have lost millions in savings, corporate fraud scandals have eroded trust and negative sentiment has grown. Questions have been raised about what role external audit fulfils; who is responsible for finding fraud and exposing corruption; the impact of corporate governance failures; the limitations for recourse against management; the lack of consequences for directors and boards; and there has been criticism for a lack of ethics and acting in the public interest.

The Board, aware of this change in sentiment and how damaging it is to the economy and investor confidence, tasked the IRBA executive to formulate a restoring confidence strategy.

Furthermore, events – that include Steinhoff, Tongaat Hulett and VBS Bank – have highlighted weaknesses in the financial reporting eco-system and the lack of regulatory oversight over accountants and limits to recourse against individuals for malfeasance. Against a backdrop of President Ramaphosa's *New Dawn*, his administration set out its strategic objectives, with its number one objective being to strengthen oversight and accountability.⁵

International Regulatory Developments

Looking abroad, the Board took note of the outcomes of various parliamentary reviews of the profession in the United Kingdom, notably the Kingman, Brydon and Competition and Market Authority reviews. The latter review clarifies that the role of audit regulators is not to prevent a failure of an audit practice at all costs, but rather to ensure that the market can recover and respond sufficiently by moderating the impact on the market, i.e. be resilient.

This has enabled the Board to consider international regulatory developments in guiding this strategy.

The Board also considered its role in supporting the government's focus on anti-corruption initiatives, clean governance and the role that auditors, the regulator as well as preparers and users of financial reports should fulfil in respect of strengthening oversight of the financial reporting chain and increasing accountability for those charged with governance (TCWG).

The Board has responded to the challenges and stakeholder expectations by approving the following focus areas for 2021-2025:

1. Sustainability and Relevance of the IRBA.
2. Audit Quality.
3. Comprehensive Regulation.

⁵ <https://www.parliament.gov.za/storage/app/media/Publications/InSession/2018-01/final.pdf>

Sustainability and Relevance of the IRBA

The sustainability of the IRBA is dependent on its financial and human capitals to execute on its mandate.

The increased volume of complaints and disciplinary matters has placed a severe strain on both these capitals.

In 2021-2025, the IRBA will be focusing on redefining business processes, harnessing the efficiencies to be gained from technology and looking at alternative funding models to ensure its sustainability.

To remain relevant, the IRBA is represented on many international standard-setting bodies as well as international regulatory structures, and it updates the Board on global developments.

Participation in global regulatory meetings of the International Forum of Independent Audit Regulators (IFIAR), of which South Africa is one of the 52 member countries, as well as the African Forum of Independent Audit and Accounting Regulators (AFIAAR), of which South Africa is a founding member and one of the 11 member countries, is key to benchmarking the IRBA against international developments and best practice in audit regulation. The IRBA is a member of the Board of IFIAR and the vice-chairman of the AFIAAR.

Audit Quality

Stimulating economic growth requires confidence in the capital markets and in attracting increased foreign direct investment; likewise, rebuilding confidence locally will unlock private sector investment. Improving investor sentiment is key to how the IRBA can contribute to one of the core elements of the National Development Plan, which is *strong, sustained and inclusive economic growth to sharply reduce unemployment, poverty and inequality*.

Investors, whether direct or indirect via pension funds or investment companies, are a critical stakeholder grouping for the IRBA. Until the recent scandals, the investor community, while recognised by the IRBA, has not been a large part of the stakeholder relations plan due to the limited organised investor structures. However, the Board believes that if the IRBA is to align to a stakeholder-centric strategy for the next five-year cycle, then it must single out the investment community as a priority stakeholder grouping in order to understand from the stakeholder perspective what is critical to the process of addressing concerns around audit quality and good governance.

Improving audit quality is a critical success factor in rebuilding confidence and the IRBA is committed to engaging with the profession, locally and internationally, to identify and rectify issues of poor audit quality.

By restoring investor confidence in auditing and audit quality, and rebuilding trust in annual financial statements of public interest entities, it is possible for the IRBA to play its role in supporting government's efforts to promote an economic recovery, which is aligned to the national and public interest.

Comprehensive Regulation

The 2013 World Bank Report on the Observance of Standards and Codes for Accounting and Auditing⁶ highlighted the need for broader regulatory oversight over the financial reporting chain. As a result, in the 2015-2020 strategic plan, the IRBA included in its sub-programmes a four-pillar strategy, with one pillar addressing Comprehensive Regulation. Recent events support the World Bank's view for the regulation of all accountants.

Comprehensive regulation continues to form part of the IRBA's strategy during the current cycle and the IRBA has assisted National Treasury by formulating a proposal for ways in which it could be implemented. Therefore, should National Treasury proceed with implementation, the IRBA will continue to play a role in assisting with and supporting this process. Not only will a Comprehensive Regulator Model include other financial role players, but also other governance structures that have a crucial role to play to avoid systemic failures.

Endorsement

The Board has provided direction through the identification of the above strategic priorities and has worked with the executive leadership to develop the strategic plan. The Accounting Authority is fully committed to ensuring the implementation of the strategy.

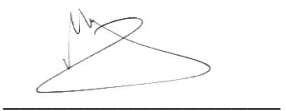
A Dlamini – Chairman

Signature:



M Janse van Rensburg – Deputy Chairman

Signature:



On behalf of the Accounting Authority of the IRBA

⁶ There are a significant number of people working as accountants who are not members of any of the recognized professional accountancy organizations—this situation can cause reputational risk to the accountancy profession (paragraph 3.29). There is a need for comprehensive arrangement to supervise and regulate PAOs to ensure that all PAOs serve public interest; a move that would also contribute to enlisting all accountants to be members of PAOs. 2013 World Bank Report on the Observance of Standards and Codes for Accounting and Auditing. <http://documents.worldbank.org/curated/en/661381468302454182/pdf/824940ROSCOP130official0use0only090.pdf>

Chief Executive Officer Statement

Overview of the IRBA and Its Vision

The IRBA's mandate is to protect the financial interests of the public by ensuring that only suitably qualified individuals are admitted to the auditing profession, and that registered auditors deliver services of the highest quality and adhere to the highest ethics standards.

The IRBA undertakes the following key activities in the execution of its mandate:

- Developing and maintaining auditing and ethics standards that are internationally comparable.
- Providing an appropriate framework for the education and training of properly qualified auditors and their ongoing competence.
- The registration of auditors who meet the registration requirements.
- Monitoring compliance with reportable irregularities and anti-money laundering legislation.
- Monitoring registered auditors' compliance with professional standards and applicable legislation.
- Investigating and taking appropriate action against registered auditors in respect of improper conduct.
- Developing and maintaining stakeholder relationships to enhance performance, accountability and public confidence.
- Strengthening the IRBA's organisational capability, capacity and performance to deliver on its mandate in an economic, efficient and effective manner, in accordance with the relevant regulatory frameworks.

In doing so, it aims to create the framework and principles that contribute to the protection of the financial interests of the public, who rely on the services of registered auditors; and to support registered auditors who carry out their duties competently, fearlessly and in good faith.

By advocating for an ethical, value-driven and morally upright financial sector, the IRBA recognises that this will stimulate investment, create confidence in the financial markets and promote sound financial practices.

The IRBA aims to achieve its vision of remaining an internationally recognised regulator of the auditing profession, pioneering the audit reforms that are required and evolving to be the regulator of other assurance and related services relevant to the South African environment.

Overall Focus 2015-2020

On the 21st of July 2014, the then Minister of Finance, Nhlanhla Nene, during his budget vote speech in the National Assembly, stated the following:

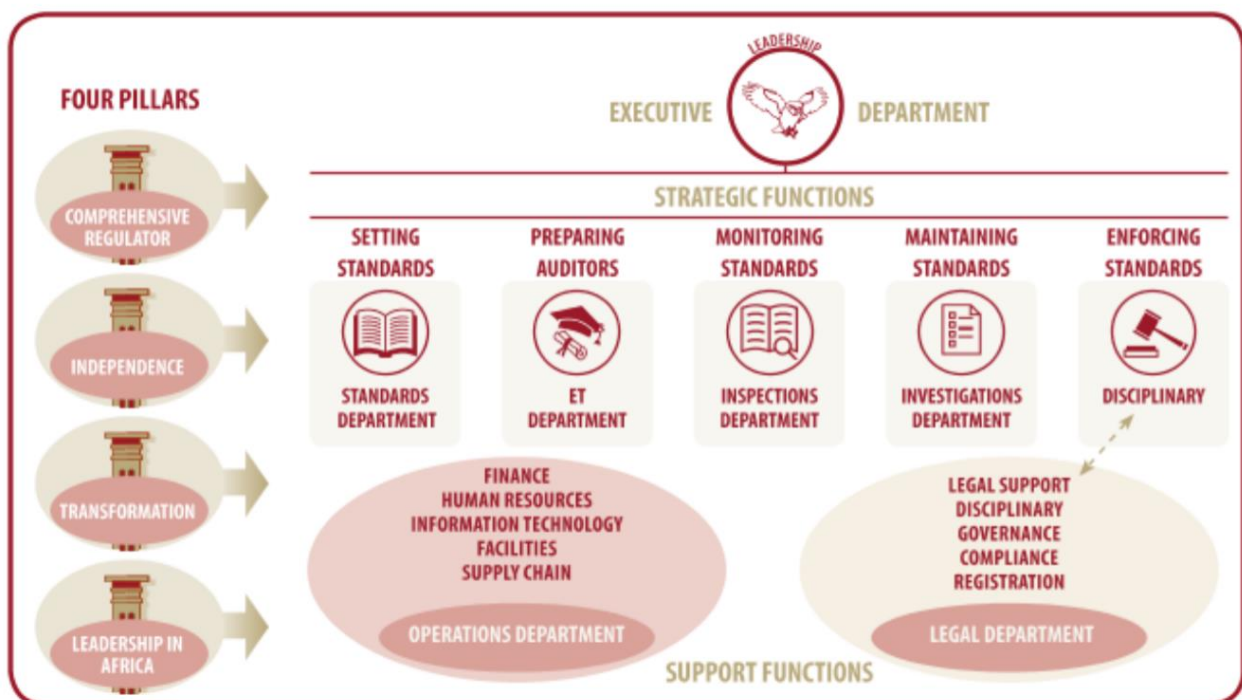
"During this year, the Office of the Accountant-General will put forward plans to strengthen the regulatory environment in the audit and accounting industry. This will be done by taking into account the recommendations of the Report on the Observance of Standards and Codes (ROSC) done by the World Bank."

Therefore, the IRBA, during the period 2015-2020, adopted a four-pillar strategy, in addition to its primary mandate, in order to contribute to and support national priorities.

The focus areas were:

- To be a comprehensive regulator of the accounting and auditing professions;
- To strengthen the independence of the IRBA from the auditing profession, as well as the independence of auditors from their clients;
- To strengthen governance and reporting practices on the continent; and
- To influence transformation in the auditing profession.

This can be illustrated as follows:



Key Accomplishments

Accomplishments in terms of the IRBA's primary mandate in relation to the NDP were as set out in the table below.

NDP 2030	Strategic Focus Area	Outcomes ⁷	Accomplishments ⁸
Interventions to ensure economic environmental sustainability and resilience to future shocks.	<p>To develop and maintain auditing and ethics standards which are internationally comparable.</p> <p>To provide auditors with a Code that is consistent with International Codes and one that enables the IRBA to take disciplinary action, where necessary.</p>	<p>High-quality audits.</p> <p>An ethical audit sector.</p>	<p>2016</p> <p>The IRBA started researching measures that could be introduced in South Africa to strengthen auditor independence. It began a research project into Mandatory Audit Tendering (MAT); Mandatory Audit Firm Rotation (MAFR); and Joint Audits (JA).</p> <p>2017</p> <p>The IRBA undertook a long process of consultation with various stakeholders, including auditors, regulators and investors, on measures to strengthen the independence of auditors. The Board considered the research into the three proposed measures – MAFR, MAT and JA – and it decided to further consult around MAFR as the most effective solution. It embarked on a lengthy consultation process.</p> <p>The IRBA prescribed International Standard on Auditing (ISA) 701, Communicating Key Audit Matters in the Independent Auditor's Report, for registered auditors' use in South Africa, together with revisions to the existing reporting standards. ISA 701 deals with the auditor's responsibility to communicate Key Audit Matters (KAM) in the auditor's report, which supports increased transparency by auditors. The disclosure of KAM fundamentally transforms the auditor's report and will improve audit quality or users' perceptions thereof.</p> <p>2018</p> <p>The Minister of Finance announced that the IRBA would gazette an MAFR rule to address concerns with auditor independence. Gazetted on 5 June 2017, it prescribes that auditors of public interest entities in South Africa must comply with MAFR with</p>

⁷ As per the IRBA Annual Performance Plan.

⁸ Refer to IRBA Annual Reports 2016, 2017, 2018, 2019.

			<p>effect from 1 April 2023.</p> <p>2019</p> <p>Audit Quality Indicators (AQIs) were rolled out to JSE-accredited firms and will provide audit committees with information that will assist them to critically assess the performance of their current and (if relevant) future auditors.</p> <p>Transparency Reports are now being voluntarily published by some audit firms at the IRBA's request.</p> <p>The IRBA published the revised Code of Professional Conduct for Registered Auditor's (November 2018) with an effective date of 15 June 2019.</p>
<p>Establish a competitive base of infrastructure, human resources and regulatory frameworks</p>	<p>To provide an appropriate framework for the education and training of properly qualified auditors.</p>	<p>Ensure that the environment is conducive to the development of audit competence.</p> <p>Ensure compliance with the Accreditation Model.</p> <p>Increase awareness of the RA profession among Black trainees.</p>	<p>2016</p> <p>The IRBA conducted an independent research survey to explore and quantify factors driving and limiting professional advancement in auditing, also focusing on transformation.</p> <p>2017</p> <p>The Audit Development Programme (ADP), launched in 2015, produced its first candidate.</p> <p>The IRBA made written submissions to the joint sitting of the Standing Committee on Finance and the Portfolio Committee on Trade and Industry on Transformation of the Financial Sector.</p> <p>2018</p> <p>The IRBA conducted transformation workshops in Johannesburg, Pretoria, Durban and Cape Town to discuss the outcomes of the survey with the firms and to pursue potential strategies to improve transformation in the profession.</p> <p>2019</p> <p>Since its launch in 2015, the ADP has had a gradual increase in the number of candidates. During 2019, 31 candidates competed the programme and 170 new candidates were registered.</p>

<p>Strengthen accountability, improve coordination and prosecute corruption</p>	<p>To monitor registered auditors' compliance with professional standards.</p>	<p>Compliance of firms (including their individually registered auditors) with the auditing and ethics standards.</p>	<p>2016</p> <p>South Africa maintained its number one ranking for the strength of auditing and reporting standards, according to the World Economic Forum Global Competitiveness Survey for 2015/2016, for the sixth consecutive year.</p> <p>The IRBA issued its <i>Public Inspections Report: Striving for Consistent, Sustainable High Audit Quality</i>. The report provided an analysis of key findings arising from firm and engagement inspections performed by the Inspections Department.</p> <p>2017</p> <p>For the seventh consecutive year, South Africa maintained its number one ranking for the strength of auditing and reporting standards, according to the World Economic Forum's Global Competitiveness Survey for 2016/2017.</p> <p>The IRBA was approved as an equivalent competent authority (ECA) under European Union (EU) legislation and by the Federal Audit Oversight Authority (FAOA) of Switzerland. This means the IRBA met the EU Commission and Swiss FAOA standards for public oversight of statutory auditors and audit firms, and its quality assurance reviews and investigations were sufficiently comprehensive to meet the standards of the commissions.</p> <p>The IRBA and the Public Company Accounting Oversight Board (PCAOB) conducted simultaneous regulatory inspections in South Africa, albeit from different jurisdictional perspectives, to share knowledge and limit the regulatory burden on auditing firms.</p> <p>2018</p> <p>The Seventh Inspections Cycle was launched, with an expanded approach adding new focus areas to what will be inspected and an increased focus on inspecting leadership, ethics and governance of audit firms. Rating and communicating deficiencies will be changed and remedial action to improve audit quality will be emphasised.</p> <p>2019</p> <p>The IRBA published its Public Inspections Report, which highlighted the common firm and audit file deficiency themes reported during the previous financial year and through the Sixth Cycle. The Inspections Committee and the Board started</p>
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			implementing more proactive resolutions to drive audit quality improvement at firms with poor inspection results,
Strengthen accountability, improve coordination and prosecute corruption	To investigate and take appropriate action against registered auditors in respect of improper conduct.	Errant auditors are appropriately disciplined.	<p>2016</p> <p>During the 12 months under review, the DAC met six times and finalised 91 matters.</p> <p>2017</p> <p>During the 12 months under review, the DAC met six times and finalised 96 matters.</p> <p>2018</p> <p>The IRBA was provided with several opportunities to respond in Parliament to progress on high-profile investigations and to demonstrate the role of audits and audit regulation in strengthening the credibility of the South African financial markets and macro-economy, attracting investment and protecting investors and the public.</p> <p>The IRBA, with National Treasury, commenced with drafting amendments to the Auditing Profession Act, Act 26 of 2005, to strengthen the IRBA's oversight and ability to institute the required measures against errant auditors.</p> <p>The disciplinary hearing against two audit partners, regarding the audit of African Bank Investments Limited and African Bank Limited, commenced in March 2018.</p> <p>During the 12 months under review, the DAC met six times and finalised 60 matters.</p> <p>2019</p> <p>The Linkway Trading auditor was found guilty on all six charges, leading to the cancellation of his registration as an auditor.</p> <p>During the 12 months under review, the DAC met five times and finalised 65 matters.</p>
Steps by the state to professionalise the public service, strengthen accountability,	To strengthen the IRBA's organisational capability, capacity and performance to deliver on its	Financial sustainability to deliver on the mandate. Increased procurement and effective payments	<p>2016</p> <p>The IRBA celebrated 10 years of independent audit regulation.</p> <p>The IRBA published its third Integrated Report. The report was prepared in accordance with the International Integrated Reporting Council Framework published</p>

improve coordination and prosecute corruption	mandate in an economically, efficient and effective manner, in accordance with the relevant regulatory frameworks.	<p>to promote empowered businesses.</p> <p>Transformation of management control achieved according to the relevant B-BBEE codes.</p> <p>Transformation of staff achieved according to the approved Employment Equity Plan.</p>	<p>by the IIRC. It also considered further guidance from the King III Report on Corporate Governance for South Africa.</p> <p>The IRBA achieved a clean audit report.</p> <p>2017</p> <p>The IRBA achieved a clean audit report.</p> <p>2018</p> <p>The IRBA achieved a clean audit report.</p> <p>2019</p> <p>The IRBA received its ninth successive clean audit award from the Auditor-General South Africa and is one of the few state entities to maintain this achievement.</p> <p>The IRBA published its fifth Integrated Report.</p> <p>The IRBA CEO was reappointed to the Board of the IFIAR and continues to serve as the chairman of its Audit and Finance Committee.</p>
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Accomplishments in terms of the four-pillar strategy were as set out below.

NDP 2030	Strategic Focus Area	Outcomes	Accomplishments
Strengthen accountability, improve coordination and prosecute corruption	To be a comprehensive regulator of the accounting and auditing professions.	Oversight over the full system of financial reporting, and not only over auditors, so that all role players can be held accountable.	Research into comprehensive regulation is complete and a final proposal has been adopted by the Board and presented to National Treasury.
Strengthen accountability	To strengthen the independence of the IRBA from the	Independent regulation which is free of influence of those regulated and	<p>The IRBA has constituted the Board and its sub-committees with relevant experienced individuals who are independent of the profession.</p> <p>The MAFR rule was gazetted and is effective as of April 2023. Currently, voluntary</p>

	auditing profession, as well as the independence of auditors from their clients.	restore public trust in audit opinions.	<p>rotation is taking place, with some significantly large multinational audited entities having rotated their audit firms.</p> <p>The number of voluntary early rotations led by audited JSE-listed entities has been encouraging. Having successfully drawn attention to concerns for independence of audit committees, directors and board members, the IRBA is encouraged that greater dialogue is occurring around the role of corporate governance and the importance of independence in increasing its effectiveness through the financial reporting chain. Subsequently, the South African Reserve Bank issued a directive in 2019 limiting the tenure of non-executive directors on the Board of financial institutions to a maximum of nine years. The Public Investment Corporation had for some time been voting against the appointment of independent directors whose tenure on Boards had exceeded nine years.</p>
Play a leading role in continental development and economic integration	To strengthen governance and reporting practices on the continent.	Independent audit regulation on the continent, sharing best practice and achieving consistency in regulation and audit oversight.	<p>The AFIAAR charter was signed on 2 March 2018 by 11 countries, including South Africa.</p> <p>AFIAAR will assist regulators in Africa to align their independence and regulation with the requirements of the IFIAR; and through collaboration, it will improve financial reporting, governance and independent oversight on the continent.</p> <p>The IRBA CEO was elected as the deputy chairman of the AFIAAR.</p>
	To influence transformation in the auditing profession.	Correct imbalances and inequities of the past.	The IRBA is a signatory to the CA Charter and continues to engage with stakeholder associations representing Black people, and particularly Black women accountants and auditors.

Strategic Focus for 2021-2025

There were many lessons learnt in the past two years, as well as from the Restoring Confidence Strategy, which has resulted in a revision to the strategy.

In the Strategic Plan 2021-2025 the IRBA's additional contributions to the advancement of broader government priorities include the following:

Strategic Focus ⁹	Resources	Process	Technology
Sustainability and Relevance	Seek alternative funding mechanisms.	Adopt a proactive approach to regulation.	Keep abreast of technological developments generally and in the industry.
Audit Quality	Employ and develop the relevant skills to respond to a dynamic environment.	Strengthen enforcement functions. Increase coverage and reach with regard to inspections. Provide guidance on auditing standards and the Code of Ethics, where required.	It is essential to develop IT solutions that will allow the IRBA to work smarter and more efficiently. Therefore, use the relevant technology to monitor auditors who have already adapted to the changing environment.
Comprehensive Regulation	Consider resource requirements for a Comprehensive Regulator Model.	Include oversight over all role players in the financial reporting chain, which will include legislative changes.	Harness technology to enable effective comprehensive regulation.

Acknowledgements

The IRBA wishes to acknowledge the support it has received from its Board and Executive Directors, National Treasury and the Standing Committee on Finance. Furthermore, the IRBA expresses its appreciation for the cooperation, collaboration and support of other regulators, local and abroad, and its many other stakeholders that have been critical to the evolution of the IRBA.

⁹ These will later be referred to as the IRBA's Institutional Pillars.

Our appreciation also goes to the profession, which has understood that the auditing profession has reached a critical period and that introspection and change is required to rebuild public trust.

Endorsement

As a champion of financial integrity and the public interest, the IRBA recognises the scope and extent of its mandate in respect of both the public and the profession and undertakes to execute and deliver on this mandate with diligence and commitment.

BP Agulhas

Chief Executive Officer

Signature

A handwritten signature in black ink, appearing to read "BP Agulhas", is written over a horizontal line. The signature is cursive and stylized.

Official Sign-Off

It is hereby certified that this Strategic Plan:

1. Was developed by the management of the IRBA under the guidance of the Board.
2. Takes into account all the relevant policies, legislation and other mandates for which the IRBA is responsible.
3. Accurately reflects the impact, outcomes and outputs that the IRBA will endeavour to achieve over the period 2021-2025.

Programme Managers:

Imre Nagy, *Director Inspections*

Signature: 

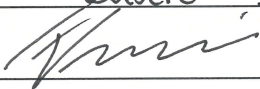
Jillian Bailey, *Director Investigations*

Signature: 

Rebecca Motsepe, *Director Legal*

Signature: 

Imran Vanker, *Director Standards*


Signature: 

Nadine Kater, *Director Education and Transformation*

Signature: 

Chief Financial Officer:

Nitasha Naicker, *Director Operations*

Signature: 

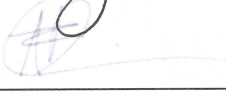
Chief Executive Officer:

Bernard Agulhas, *Chief Executive Officer*

Signature: 

Approved by:

Abel Dlamini

Signature: 

Martie Janse van Rensburg

Signature: 

On behalf of the Accounting Authority

PART A: OUR MANDATE

1 Constitutional Mandate

The Independent Regulatory Board for Auditors (IRBA) subscribes to the principles of co-operative government and inter-governmental relations.

Similar to Chapter 9 institutions, the IRBA is independent and subject only to the Constitution and the laws of the Republic of South Africa. As an independent regulator, it must be impartial, exercise its powers and perform its functions without fear, favour or prejudice, and always do so in the public interest.

Independent regulation of the auditing profession by the IRBA results in:

- A positive impact on the audit profession through inspections, standard setting and ethical requirements.
- Monitoring audit quality, which enables the IRBA to identify weaknesses, risks and challenges in the audit profession.
- Participating in global standard setting and oversight activities to maintain an objective and independent approach to standard setting and regulation to respond to identified weaknesses in auditing standards and strengthen auditing standards.
- Educating stakeholders on the role of auditing and auditors in contributing to a positive effect on capital markets, ensuring that investors' trust in the independence of auditors and the strength of regulation is enhanced.

Constitutional Principles

The IRBA will achieve its constitutional mandate through maintaining its sustainability, relevance as well as audit quality.

In doing so, the IRBA commits to the following relevant constitutional principles:

- Ensuring that the IRBA is effective, transparent and accountable.
- Respecting the constitutional status, institutions, powers and functions of government in other spheres.

- Exercising its powers and performing its functions in a manner that does not encroach on the geographical, functional or institutional integrity of government in another sphere.
- Co-operating with other government departments and institutions in mutual trust and good faith by fostering friendly relations, and assisting and supporting each other as allowed within the limitations of the Auditing Profession Act 26 of 2005.
- Informing other regulators, institutions and government entities of, and consulting with each other on, matters of common interest.
- Co-ordinating its actions and legislation with others.
- Adhering to the Public Finance Management Act.
- Ensuring that in the procurement of goods or services, it does so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.

2 Legislative and Policy Mandate

The IRBA is a statutory body established in terms of the Auditing Profession Act, Act 26 of 2005, with its primary objective being to protect the investing public. It does so by regulating auditors through setting, monitoring and enforcing high-quality auditing standards and ethical behaviour.

As a Schedule 3A public entity, in terms of the Public Finance Management Act, the IRBA supports the State's policy outcomes; and its Strategic Plan demonstrates how it contributes to selected outcomes. The IRBA Strategic Plan is also aligned to the National Development Plan; and the IRBA has an important role to play on the road to government's desired destination.

The IRBA continues to support the national initiative in respect of transformation in relation to its employment policies as well as its procurement policies; and it also takes advantage of opportunities to appoint and procure the services of women and people with disabilities. The IRBA is also a signatory to the CA Charter, which has now been gazetted and accommodated the IRBA's recommendations for stricter and more robust transformation targets within the profession.

The Strategy addresses the IRBA's mandate with reference to two programmes:

- Programme 1: The current mandate, which arises from the Auditing Profession Act, Act 26 of 2005; and
- Programme 2: The extended mandate, which includes sub-programmes that are designed to coordinate specific interventions to address issues and challenges in the profession, in the current economic environment and in response to government's priorities for economic growth. These proposed interventions for 2021-2025 will allow the IRBA to contribute significant added value to the efforts of government to grow the economy, while also being critical success factors in support of delivering effectively on its own primary mandate.

2.1 Programme 1: Regulation of Auditors – Legislative Mandate

The object of the Auditing Profession Act 26 of 2005, as set out in Section 2, are as follows:

- a) To protect the public in the Republic by regulating audits performed by registered auditors;
- b) To provide for the establishment of an Independent Regulatory Board for Auditors;
- c) To improve the development and maintenance of internationally comparable ethical standards and auditing standards for auditors that promote investment and as a consequence employment in South Africa;
- d) To set out measures to advance the implementation of appropriate standards of competence and good ethics in the auditing profession; and
- e) To provide for procedures for disciplinary action in respect of improper conduct.

2.1.1 Current Amendment Bill 2019

2.1.1.1 Context

The independent regulation of auditing was implemented based on recommendations from the World Bank ROSC (for Accounting and Auditing), as adopted by the Minister of Finance in 2003. Subsequently, the Auditing Profession Act 26 of

2005 (APA) was passed on 1 April 2006. This changed the Public Accountant and Auditors Board (PAAB) to the IRBA. Some amendments to the Act were made in 2015.

A further round of amendments commenced in 2017 in response to recent corporate and audit failures, including:

- African Bank/Deloitte;
- Linkway Trading/KPMG;
- Steinhoff/Deloitte;
- Tongaat Hulett/Deloitte; and
- VBS Mutual Bank/KPMG.

The general function of the regulator is to promote the integrity of the auditing profession by undertaking investigations into improper conduct, conducting disciplinary hearings and imposing sanctions. However, there have been concerns that the investigations take too long and the sanctions are too lenient to have any real deterrent effect. As a result, the IRBA and Parliament agreed to work together to strengthen the powers of the regulator, by amending the APA, to help it more effectively deliver on its mandate.

The amendments to the APA are aimed at:

- Strengthening the IRBA's regulatory powers;
- Strengthening the IRBA's independence;
- Simplifying enforcement processes; and
- Increasing sanctions to deter undesirable registered auditor behaviour.

On 13 December 2019, the Cabinet approved the submission to Parliament of the APA Bill. The approved January 2019 version was included in the Financial Matters Amendment Bill.

The Bill will now be certified by the Chief State Law Adviser and then introduced to the National Assembly. It is anticipated that this will occur by late February 2020.

2.2 Programme 2: Institutional Responsibility

The Strategy has been revised to respond to the changes in the market, which are outlined in the situational analysis section of this document.

The strategic focus areas will now be referred to as the IRBA's Institutional Responsibility, to encompass the responsibilities of the regulator beyond the primary mandate.

Due to the increase in the volume of complaints and high-profile enforcement cases, the IRBA's financial and human capitals have been placed under severe constraints.

Management has taken actions to increase revenue and cut down costs and still achieve its strategic objectives in the 2019/2020 financial year, and these initiatives will be retained over the upcoming years.

Requests have been made to National Treasury for additional funding, and work is underway on a new funding model to identify other sources of revenue, including an application to have access to the Criminal Assets Recovery Account (CARA) under the Department of Justice.

2.2.1 Operationalising the strategic pillars of 2015-2020

2.2.1.1 Independence

As its main project to strengthen the independence of auditors from their clients, the IRBA issued a rule prescribing that auditors of public interest entities (PIEs) in South Africa must comply with MAFR with effect from 1 April 2023. The application is to address the concerns of independence and the extended lengths of audit relationships, some in excess of 100 years. Audit firms may serve for a maximum of 10 years before rotating off the client for a cooling-off period of five years, before being eligible to audit the client again.

This has highlighted the need for accelerated transformation and de-concentration in the audit profession.

Based on recommendations made in submissions received during the consultation process, the rule has been extended beyond auditors of listed entities to incorporate auditors of PIEs, which would include non-listed pension funds and

organisations that operate in the public interest. The rule also has transitional provisions for cases where joint auditors are appointed to ensure that both audit firms need not become ineligible at the same time at the effective date.

With only three years remaining until the effective date of MAFR, roughly 21% of the JSE Ltd main board listed companies have already voluntarily rotated auditors since the IRBA started tracking audit firm rotations in January 2017. Of these entities, 41% have cited MAFR as the reason for change. This means that these 76 companies will not need to rotate again until 2027 or 2028. For the remaining companies on the main board, those whose audit firms will have tenure of 10 years or more on the 1st of April 2023 must rotate prior to that date.

The IRBA has engaged with the management of entities to which the rule applies and is noting concerns and issues raised. The South African Institute of Chartered Accountants (SAICA) has issued guidance on implementation, as have some of the big four audit firms.

The IRBA will continue to monitor the progress of MAFR adoption, as part of its operational activities; engage with all affected entities and audit firms during the process; and also initiate programmes of education around implementation closer to 2023.

Independence, and specifically the monitoring of MAFR, will now become part of the IRBA's operational activities and will therefore no longer be a separate pillar.

2.2.1.2 Leadership in Africa

Leadership in Africa has been successfully addressed by the establishment of the AFIAAR. One of the operational departments will take responsibility for continued regular participation in the work programmes of the AFIAAR that are designed to improve regulation and standards across member countries.

The AFIAAR also intends to grow its membership; and through a growing membership, the IRBA will continue to be able to play its role in capacitating regulators in Africa through a formalised structure.

With the establishment of the AFIAAR, Leadership in Africa, and specifically the AFIAAR projects, will no longer be a separate pillar but form part of the IRBA's operational activities.

2.2.1.3 Transformation

Transformation of the profession remains a responsibility of the Education and Transformation Department and will be implemented through operational plans. Performance objectives have been developed to address the transformation journey.

Transformation will now become part of the IRBA's operational activities and will therefore no longer be a separate pillar.

2.2.1.4 Comprehensive Regulation

There has never been a more urgent time or need for the comprehensive regulation of all accountants and those charged with governance. The global direction of regulators is to bring all accountants under regulation, and in the United Kingdom they will bring all governance processes under regulation as well.

The Board approved a Comprehensive Regulation Model for submission to the Minister. Pending its approval by the Minister, the IRBA will actively support the implementation of a more comprehensive oversight model, for the reasons outlined above, thereby making Comprehensive Regulation a continuing strategy in the next five years.

2.2.1.5 Restoring Confidence

In 2018 the Board added a "fifth" pillar referred to as the Restoring Confidence Strategy, which arose out of significant events in the auditing profession and the collapse of Steinhoff, which is to date the largest business collapse in the history of South Africa.

Due to reputational damage to the profession from recent events, restoring the reputation of the profession and rebuilding confidence will still take some concerted effort. The Board has viewed the projects thus far as a great success, but wishes to see these projects, those that are ongoing and any future next phase projects forming part of departmental programmes.

As the need to continue to restore confidence is key to national priorities, as well as to the profession and the regulator, the Board agreed that this “pillar” should be operationalised as the activities and projects of this programme now continue to be implemented.

Each department will have its own specific activities that contribute positively to restoring confidence; some may be part of the primary mandate and others may be part of institutional responsibility.

2.2.2 The New Institutional Responsibility Strategic Areas 2021-2025

Arising out of the situational analysis, the three strategic focus areas for 2021-2025 are:

- Sustainability and Relevance.
- Audit Quality.
- Comprehensive Regulation.

3 Institutional Responsibility Policies and Strategies for 2021-2025

3.1 National Development Plan (NDP) (2011)

The IRBA is subject to and complies with the NDP, which is the long-term vision for the country. The plan provides a broad strategic framework to guide key government choices and actions, and it also focuses on the critical capabilities needed to transform the economy and society.

The IRBA must support government’s policy objectives. Although it is not in a position to contribute to all of these, there are some outcomes in which it can play a role. The IRBA’s role in supporting the relevant objectives is as follows:

Outcome and government priority information	How the IRBA can contribute to the selected outcome
1. Improved quality of basic education	The IRBA has engaged with the government departments responsible for basic as well as higher education to address the issue of maths literacy. Although this is more relevant to the financial industry, it could also improve higher education which will, in turn, influence the quality of overall education.
4. Decent employment through inclusive growth	The IRBA does not have a direct impact on job creation. Its indirect impact is by creating a stronger economic environment through building confidence in, and reliance on, audit reports issued by registered auditors. Confidence attracts investment and investment creates employment.
5. A skilled and capable workforce to support an inclusive growth path	The IRBA provides an appropriate framework for the qualification, education and training of auditors as well as their ongoing competence, including the training of registered candidate auditors through the ADP. Its transformation initiatives ensure that equal opportunities are provided for anyone to enter the audit profession.
6. An efficient, competitive and responsive economic infrastructure network	<p>High-quality audits have a direct impact on the credibility of the financial markets through the provision of reliable information, which provides the confidence to investors to do business in SA. As such, the existence of a strong, independent and internationally respected audit regulator is essential in achieving government's objectives.</p> <p>The introduction of MAFR will contribute towards a more competitive audit environment.</p>
9. A responsive, accountable, effective and efficient local government system	<p>The competencies in the accounting and auditing profession can contribute to strengthening governance and accountability in local government.</p> <p>The Auditor-General South Africa has now placed trainees on the ADP and the IRBA is working with the South African Institute of Government Auditors (SAIGA) to develop a Local Government Auditor qualification.</p>
10. Environmental assets and natural resources that are well protected and continually enhanced	<p>The IRBA has been an active role player in developing standards that contribute to the promotion of sustainability projects and strategies.</p> <p>The IRBA also continues to play a role in emerging forms of external reporting, both locally and globally.</p>

<p>11. Create a better South Africa and contribute to a better and safer Africa and world</p>	<p>The IRBA's objectives include creating a framework and principles to contribute to the protection of the public, who rely on the services of registered accountants and auditors who carry out their duties competently, fearlessly and in good faith.</p> <p>Particular strategic focus is also placed on the enhancement and improvement of overall reporting, governance and regulatory practices on the African continent and has resulted in South Africa becoming a founding member of the AFIAR.</p> <p>The IRBA's focus is not only to stay abreast of international developments in the auditing profession, but also to influence developments through active participation.</p>
<p>12. An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship</p>	<p>The IRBA continues to support government using strategies and processes derived from its own efficiencies and knowledge.</p>
<p>13. A comprehensive, responsive and sustainable social system</p>	<p>The IRBA's role in the greater economy is to create continuing value as an embedded protector of confidence in the sustainability of the system, thereby contributing to the protection of the South African public.</p> <p>The introduction of a Comprehensive Regulatory Model, together with its strategic focus on being a responsive, proactive and relevant regulator, will contribute to a comprehensive, responsive and sustainable social system.</p>
<p>14. A diverse, socially cohesive society with a common national identity</p>	<p>The IRBA is influencing the advancement of transformation in the profession, and within the regulator through its employment and recruitment policies and its procurement practices.</p> <p>The IRBA is also a signatory to the CA Charter, through which it had the opportunity to ensure the inclusion of robust targets that will lead to faster transformation. It also drives a Transformation Plan to fast-track transformation in the audit profession.</p>

3.2 NDP Five-Year Implementation Plan

The NDP Five-Year implementation plan provides a medium-term roadmap that will form the basis for developing five-year institutional plans that will guide the realisation of NDP priorities.

This Five-Year Strategic Plan is compiled in accordance with the Revised Framework for Strategic Plans and Annual Performance Plans¹⁰, which was introduced by the Department of Planning, Monitoring and Evaluation to further improve government planning systems and processes, and to institutionalise development planning in government and public entities.

3.3 IRBA Strategy to Restore Confidence in Support of the NDP

3.3.1 Goal

The goal is for the IRBA to be seen as an effective and impactful regulator that can change the behaviour of auditors and other role players in the financial reporting system to:

- Increase audit quality;
- Improve ethics and independence; and
- Increase the transparency of audit firm practices.

3.3.2 Strategy

To be a regulator that uses its voice and position to:

- Increase audit quality through its monitoring;
- Educate shareholders, users and the public on the audit product, quality and improvement initiatives/measures; and
- Act swiftly to discipline and apply sanctions to errant auditors.

Therefore, strategically the IRBA must advance those activities, projects and engagements that contribute to restoring the reputation of auditors and accountants. In addition, it must use its voice and media profile to share achievements in a way that will restore confidence in the relevance of audit, audit quality as well as the integrity and ethics of the profession.

¹⁰ Replaces the Framework for Strategic Plans and Annual Performance Plans (2010).

3.3.3 Objectives

- Build credibility for the IRBA as a proactive regulator and for the profession as a whole (accounting and auditing).
- Demonstrate relevance and responsiveness (to changes/market expectations) by initiating improvements.
- Increase audit firm transparency.
- Align auditor behaviour and integrity with ethics requirements.
- Improve the quality of audit opinions and audits, and address investor expectations.
- Manage the public's (private and public sectors) expectations in the auditor's role.
- Promote stability and growth in capital markets.

The current and new initiatives of the IRBA in this respect are as per the graphic below.

Current and new initiatives of the IRBA

Individual Auditors	Firms	The Audit Product	The User	The Public	The Profession
Review of curriculum / ADP / skills / competencies	Appropriate sanctions	Audit Quality Indicators	Addressing secondary listing oversight	Addressing secondary listing oversight	Review of Monitoring of Accredited Body
CPD and life-long learning programmes	Transparency Reports	ISQC1 Review	Mandatory Audit Firm Rotation (MAFR)	Mandatory Audit Firm Rotation (MAFR)	
Appropriate sanctions	ISA220 Review	Engagement partner accountability	Transparency Reports	Amendments to APA	
Instilling Quality as a culture and value	ISQC1 Review	Review of standards related to recent cases	Strengthening audit committees	Comprehensive Regulation	
	Audit-only firms to increase independence	New Code of Conduct	Address governance issues	Education – What is audit? Role of Auditor?	
	Leadership, Culture and Governance		Address expectation gap		
	Remedial Action Process				
	Firm methodology review				

PART B: OUR STRATEGIC FOCUS

The IRBA's strategic focus is to protect the financial interests of the public by ensuring that only suitably qualified individuals are admitted to the auditing profession, and that registered auditors deliver services of the highest quality and adhere to the highest ethics standards.

4 Vision

The IRBA vision is to remain an internationally recognised regulator of the auditing profession and evolve to be the regulator of other assurance and related services relevant to the South African environment.

The IRBA's regulation is focused on the protection of the public's financial interests, while it recognises its role in creating an enabling environment in which auditors can deliver high-quality audits.

5 Mission

Our mission is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of assurance conducted by registered assurance providers, in accordance with internationally recognised standards and processes.

6 Values

As the overall custodian of the auditing profession in South Africa, the IRBA acknowledges the importance of the mandate assigned to it by Parliament, and all its registrants and staff subscribe to the following core values:

Independence, Integrity and Objectivity: It is imperative that we are not just independent of the auditing profession in our composition and membership, but also reflect independence in the perception of our key stakeholders through our actions and behaviour. It is, therefore, important that we act with integrity and objectivity in our deliberations, decisions and actions.

Commitment to Public Interest: We recognise the scope and extent of our mandate in respect of both the public and the profession, and undertake to execute and deliver on this mandate with diligence and commitment in terms of our vision.

Transparency and Accountability: As a public entity in the overall delivery structure of the South African government and a beneficiary of public funds, we promote transparency in our interactions with the relevant stakeholders and recognise our accountability to the Parliament of South Africa and the Minister of Finance, as our Executive Authority.

7 Situational Analysis

7.1 Description of the Strategic Planning Process

Our strategic planning process commenced with a Management Committee (MANCO) review on 16 May 2019. This focused on a review of the Restoring Confidence Strategy and a forward-looking exercise on Responding to a Dynamic Environment. It included both SWOT and PESTEL analyses. The process then concluded in a follow-up session on 10 June 2019.

Participants were referred to the IRBA's current strategy, its continued relevance and the extent of progress made against it. Then, it was explained that the purpose of the exercise was to ensure that members remained realistic in setting a strategy that will be measurable and achievable (based on the SMART Principles).

The same process was followed with the Management Forum, which represents the various departments.

The outcomes of these four sessions were summarised for the Board to consider, and a Board and MANCO strategy planning session was held on 12 July 2019 to consider the situational analysis and proposals put forward by MANCO.

7.2 Overview

The current five-year strategy covers the fiscal years starting from April 2016 to March 2020. The next five-year strategy will address the fiscal years from April 2020 to March 2025.

A lot has changed in the profession since June 2017, and these changes include having South Africa lose its position as number one on the World Economic Forum Competitiveness Index ranking for strength of auditing standards and reporting.

Consequently, by December 2017 management and the Board were faced with a profession that had lost its position of esteem. Trust in auditors was at an all-time low; the profession and the regulator were perceived in a negative way. The Board then resolved that action had to be taken to restore confidence. It approved a Restoring Confidence strategy in January 2018. This was over and above the IRBA's current five-year framework, which aims to address the shortfalls in audit quality, ethics, auditor behaviour, auditor competencies, auditing standards, as well as inspection and disciplinary processes. More than 40 projects were identified as necessary to further strengthen the market and investors' comfort that as a regulator the IRBA was responsive and could adapt to the dynamic environment.

The environment, though, is continuing to change with new hurdles such as multi-jurisdictional concerns, risks to investors of secondary listings over which IRBA has no/limited control, increasing corruption, failed corporate governance, disruptive technologies and incidents of corporate malfeasance over which there is limited disciplinary oversight and consequence.

So, it is important for the IRBA to be future ready as a regulator for an audit landscape that is rapidly changing in the context of a challenging business environment and increasing complexities.

7.3 Current Key Strategic Issues

The key issues that the Board and MANCO used to guide their thinking and that of the management team related to the following:

Priority/Issue	Solutions Considered
Addressing the public and investor expectation gap regarding the audit product and audit quality.	<ul style="list-style-type: none"> • Increased focus on audit quality by strengthening enforcement functions. • Increasing the coverage and reach of the Inspections team to inspect more audit files and firms more frequently. • Firms to adopt a remedial action approach vs a defensive approach on audit quality.
Reputation and trust, considering significant reputational damage and loss of investor trust and confidence in the	<ul style="list-style-type: none"> • Increasing the importance of reputation management for the IRBA and the profession. • Transparency reporting and unrestricted sharing of inspection outcomes.

profession.	<ul style="list-style-type: none"> • Implementation of the Restoring Confidence initiatives. • Education of the public with respect to the role of auditors and the regulator.
The government's current focus on anti-corruption, good governance and the achievement of clean government.	Increased cooperation with AGSA and SAIGA, as well as reviewing auditing standards relating to the auditor's role in assessing the risk of fraud and misstatement.
Effectiveness of the regulator within its current mandate.	<ul style="list-style-type: none"> • Rebalancing resources. • Increased emphasis on inspections and investigations processes and resources. • Apply enough consequence management at firms to address too much collegiality and too little accountability. • Apply right-touch regulation to achieve the right auditor behaviour.
Excessive cost of disciplinary processes and heavy reliance on law firms.	<ul style="list-style-type: none"> • Decreasing costs by simplifying disciplinary processes and increasing powers through the Auditing Profession Act. • Reducing dependence on law firms through establishing internal prosecutions capability.
Dealing with the risks and multi-jurisdictional issues of secondary listings, such as was highlighted by Steinhoff.	<ul style="list-style-type: none"> • Business intelligence and research capability. • Establish cooperative international regulatory arrangements through MOUs.
Responding to a financial reporting eco-system that has revealed its weaknesses through recent high-profile business failures that have impacted retirement and pension savings of South Africans due to significant share losses	<ul style="list-style-type: none"> • Comprehensive regulation that would also have oversight over TCWG; and strengthen the combined assurance structures throughout the financial reporting chain. • Establish ethical leadership, integrity and tone at the top. • Enhance auditors professional scepticism, independence and resolve conflicts of interest.
Concerns around the length of time investigations take, how complicated disciplinary processes are to schedule, the length of cases (e.g. African Bank).	<ul style="list-style-type: none"> • Strengthening investigation and disciplinary processes, as well as sanctions. • APA Amendments are underway to address this, but further process improvements and rebalancing of resources will be required. • Researching alternative funding models.
The auditing profession is undergoing significant and rapid change; and in a market where disruptive technologies are changing the audit product and the way in which audits are conducted, this will require changes to the regulator to remain relevant.	<ul style="list-style-type: none"> • Seeking innovative out-of-the-box thinking to future-proof the regulator to address technology advances. • Establish a Regulatory Technology (Regtech) programme. • Participating in international structures on disruptive technologies.

7.4 External Situational Analysis

7.4.1 Responding to a Dynamic Environment

There is a growing need for coordinated regulation over diverse knowledge sets and needs, as well as the regulation of non-auditors involved in the process of an audit.

Technology at audit firms is changing the way in which audits are conducted; as such, the IRBA should also plan to acquire the necessary technology solutions and specialist IT skills. Furthermore, technological advances such as drones and automation are impacting audit and the IRBA must consider the standard-setting relevance of IFRS and ISA in relation to these.

The IRBA foresees that audit committees will also need to change in terms of competencies. Our SWOT Analysis indicated the following:

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. There is overall support for the proposed regulation, and more professional bodies, other than accountancy professional bodies, have also expressed interest to have their members regulated through a Comprehensive Regulator Model. 2. While the IRBA mandate on Africa is not funded, great strides have been achieved with regard to building collaboration and partnerships on the continent through the AFIAAR, PAFA and AFROSAI-E. 3. MAFR has been adopted early by some companies. 4. Regulatory reforms are taking place globally. 	<ol style="list-style-type: none"> 1. The IRBA currently has no mandate to implement Comprehensive Regulation – it needs endorsement from the sponsors, National Treasury and the Minister of Finance who have to adopt the recommendation and decide on it. 2. Lack of race and gender transformation in the auditing profession. 3. Auditors are putting commercial interests ahead of ethics and professionalism.

Opportunities	Threats
<ol style="list-style-type: none"> 1. Imminent enactment of legislation to strengthen regulatory oversight. 2. Crystallise the funding model for the comprehensive regulator. 3. AFIAAR needs to start making its voice heard by commenting on exposure drafts. 4. Improving firm governance and due processes at the firms. 5. Restoring confidence in the auditing profession. 	<ol style="list-style-type: none"> 1. Lack of support by the sponsor department and Ministry. 2. Lack of funding to implement the Comprehensive Regulation Model. 3. Political influence on the work of the IRBA. 4. Challenges in the accounting profession and the financial reporting chain with the prevalent business and audit failures. 5. Volatile political environment. 6. Volatile economic environment. 7. Predicted recession. 8. Skills leaving the country.

7.5 Internal Situational Analysis

The internal SWOT analysis can be presented as follows:

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. The IRBA has strengthened the independence of its own structures, including the Board. 2. MAFR early adoption and successes. 3. Robust due process at the IRBA. 4. Successful implementation of the Audit Tenure Rule. 5. Audit quality indicator project completed. 6. Engagements with the audit committee forum to improve the 	<ol style="list-style-type: none"> 1. Loss of confidence in the profession. 2. Lack of independence as it relates to funding of the IRBA. 3. Audit-only firms' proposal will meet with challenges. 4. Risk of working in a silo and losing touch with the market that we regulate. 5. Lack of adequate funding for the IRBA. 6. Area of focus – regional (SADC/Sub-Saharan) instead of

<p>functioning of audit committees.</p> <p>7. Promote Joint Audits in preparation for MAFR implementation in 2023, with the support of the Central Bank.</p> <p>8. A lot of work being done by the firms to promote transformation.</p> <p>9. The Board performed a Board Effectiveness Review, which revealed no significant weaknesses, and drafted an action plan to address areas for development.</p>	<p>the whole continent.</p> <p>7. How do we align our efforts with the government programme on BRICS and the National Development Plan?</p> <p>8. Transformation in relation to the RA register and ADP not as successful as envisaged.</p> <p>9. Retention of RAs in the profession.</p> <p>10. The CA Charter has not yet delivered the required targets.</p>
<p>Opportunities</p> <p>1. Continue knowledge sharing at the request of other countries.</p> <p>2. Align our efforts on leadership in Africa with the government programme on BRICS and the National Development Plan.</p> <p>3. The Comprehensive Regulation pillar has become more relevant for the accounting profession and the financial reporting process with the prevalent business and audit failures experienced recently.</p> <p>4. The IRBA can use the regulatory approach to drive interventions at the firms – use policy-making power such as transparency reports.</p> <p>5. The focus is now also on gender transformation.</p> <p>6. Overlap from MAFR (Independence pillar) will create opportunities for smaller firms and, therefore, transformation.</p>	<p>Threats</p> <p>1. Regulatory capture – independence of the regulator under siege through indirect influence on its structures.</p> <p>2. Political influence – how does the IRBA escape the influence of politics and deliver its mandate independently?</p> <p>3. Transformation will be difficult in a shrinking economy.</p>

7.6 Stakeholder Management

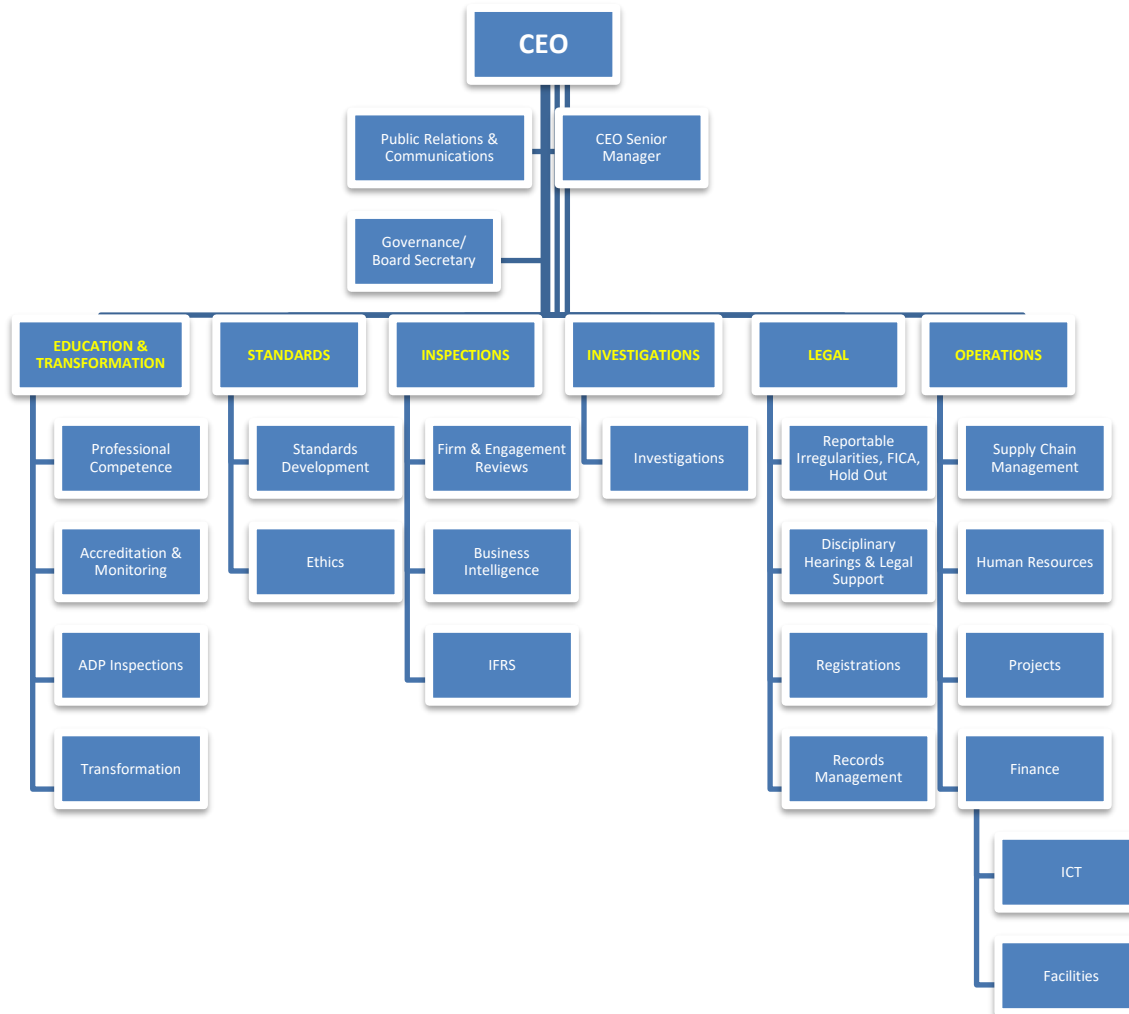
Stakeholder group	Why we engage	What they need from us	Risks if needs are not met
Legislative Authority Parliament Minister of Finance National Treasury	Oversight of our mandate.	Implement the mandate. Economic stimulation. Build investor confidence. Restore confidence in the auditing profession.	Lack of understanding of our mandate. Inability to deliver on the mandate. Perceived to be ineffective. Independence perceived as compromised.
Investors	Create awareness of the role of the IRBA.	Trust and reliance on the opinions of auditors when signing financial statements. Hold RAs accountable for the quality of the audit product. Inspection outcomes and reports (transparency). Enforcement of the IRBA mandate.	Loss of investments. Loss of confidence in the financial markets. Lack of economic growth.
Registered Auditors and Audit Firms	Ensure an ethical, competent and globally respected profession.	Requirements to be registered enhanced. Delivery model. High-quality audit and ethics pronouncements. Monitor compliance. Investigations and sanctions to maintain independence and the credibility of the profession.	Unregulated profession/self-regulation. Credibility of the profession compromised. Profession perceived to be part of a corrupt system. Inadequate audit product – users not happy with audit products. Poor quality, ethics and independence.
Auditor-General South Africa (AGSA)	Contribute to quality audits in the public sector. Review the AGSA Quality Monitoring in terms of the MOU.	Collaboration on technical audit and assurance issues. Public protection and guidance issued to RAs conducting audits on behalf of the AGSA.	Risk of audit failures in public sector engagements performed by RAs. Reputation of the auditing profession negatively affected. Quality of audit product by RAs not acceptable

Stakeholder group	Why we engage	What they need from us	Risks if needs are not met
			to the AG.
International Standards Setting Bodies (IAASB, IESBA, IAESB)	Influence the development of international standards.	Expertise in technical areas. Submission of comments on exposure drafts and discussion papers. Facilitate adoption, implementation and monitoring of new and revised standards issued. Lessons learnt on how South Africa managed the current crisis faced by the profession.	Quality of pronouncements issued may be inappropriate for our jurisdiction. Local implementation guidance may be required.
International Audit Regulators (IFIAR)	Share knowledge, benchmark and collaborate.	Shared expertise and weaknesses identified. Participation in international meetings and workshops on audit regulation. Views on developments in global auditing standards. Lessons learnt on how South Africa managed the current crisis in the profession.	Misaligned inspection processes and compliance monitoring. Decline in audit quality at audit firms and continuing regress on inspection results. Proactive response not achieved.
Regional Partners Strengthening Independent Audit Regulation in Africa	Good governance on the continent. Encourage independent audit regulation.	Share expertise in technical areas and standard setting. Assistance with the process of establishing independent audit regulators. Form a regulators' body to align regulation on the continent.	Non-aligned profession on the continent. Delays in implementing audit regulation.
Accredited Professional Bodies South African Institute of Chartered Accountants	Source of the pipeline of registered auditors. Setting competency requirements. Monitoring accreditation compliance. Assurance initiatives.	Accreditation and monitoring. Technical knowledge and advice. Influencing and issuing of Education, Ethics and Assurance Standards.	A few CAs (SA) will choose to register as RAs. Knowledge, skills and competencies inappropriate for RAs. Transformation in the CA (SA) and auditing profession remains a challenge. Lack of oversight over CAs (SA) proving to be a challenge in the market.

Stakeholder group	Why we engage	What they need from us	Risks if needs are not met
(SAICA)			Lack of assurance support.
Other Local Regulators and Enforcement Agencies	Share knowledge, benchmark and collaborate on mandates and enforcement.	Expertise and guidance. Aware of investigations and disciplinary actions. Communication of Reportable Irregularities (RIs) reported.	Weaknesses in the financial reporting chain remain unaddressed. Ineffective monitoring. Regulations that are difficult to implement or enforce. Enforcement not achieved. RIs not reported timeously.
Public	Create awareness of the role of the IRBA and educate about the value of the IRBA in the financial markets.	Expertise and guidance. Hold RAs accountable for the quality of the audit product. Inspection outcomes and reports (transparency). Enforcement of the IRBA mandate – especially investigations and disciplinary actions.	Failing to meet the expectations of the market. Lack of understanding of the audit function and what it is. IRBA perceived to be ineffective. RAs perceived to be part of a corrupt system. Inability to evaluate audit firms' audit quality.
Local and International Media	Inform and create awareness of the IRBA's mandate and branding. Address public concerns regarding the auditing profession.	Credible and timeous information. Create awareness of the work of the IRBA.	Inaccurate media reports. Brand reputation. Ill-informed public and undue expectations of the profession. Negative public perception of the profession and the regulator.
Staff	Informed staff. Consistent and professional service orientation.	Ongoing communication and consultation. Ability to raise concerns and address expectations. Equity in remuneration and training opportunities.	Low productivity. Lack of commitment to the mandate. Ill-informed staff.

Organisational Environment

Below is the current organisational structure, as at January 2020.



PART C: MEASURING OUR PERFORMANCE

8 Institution Performance Information

8.1 Measuring the impact

Impact Statement	Confidence and trust in the financial markets through high-quality audits and ethical behaviour, which will stimulate economic investment, create employment and protect the public.
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8.2 Measuring Outcomes

The IRBA's strategic objectives and outcomes for the next three years are set out below.

PROGRAMME 1			
STRATEGIC FOCUS AREA 1: AUDITING AND ETHICS STANDARDS			
Outcomes	Outcome Indicator	Performance Targets	
		Baseline	Five-year target
High-quality audits.	Target dates met for issuing audit pronouncements, audit reports and comment letters.	85% of target dates met	85% of target dates met
To provide auditors with a Code that is consistent with International Codes and one that enables the IRBA to take disciplinary action, where necessary.	Target dates met for issuing additional guidance on ethical issues, comment letters and Code amendments.	85% of target dates met	85% of target dates met

STRATEGIC FOCUS AREA 2: EDUCATION			
Outcomes	Outcome Indicator	Performance Targets	
		Baseline	Five-year target
To ensure that the environment is conducive to the development of audit competence.	The number of monitoring visits completed.	40 visits	42 visits
To ensure compliance with the Accreditation Model.	The number of final monitoring reports to be submitted to the accredited professional body within 10 working days after EDCOM's third quarterly meeting.	1 report	2 reports
Increased awareness of the RA profession among Black trainees.	The number of IRBA transformation initiatives held.	6	8
To ensure that RAs are complying with the CPD Policy.	Analysis of the CPD monitoring results.	2 CPD monitoring reports	2 CPD monitoring reports

STRATEGIC FOCUS AREA 3: INSPECTIONS			
Outcomes	Outcome Indicator	Performance Targets	
		Baseline	Five-year target
Compliance of firms (including their individually registered auditors) with the auditing and ethics standards.	The number of planned inspections completed.	128 inspections	To be determined annually in January

STRATEGIC FOCUS AREA 4: INVESTIGATIONS			
Outcomes	Measurable Indicator	Performance Targets	
		Baseline	Five-year target
Relevant findings and appropriate charges for improper conduct.	The number of investigations completed.	91 completed investigations; 30 high-profile/public interest entity investigations; and 61 other investigations.	To be determined annually in January

STRATEGIC FOCUS AREA 5: OPERATIONAL EFFECTIVENESS			
Outcomes	Measurable Indicator	Performance Targets	
		Baseline	Five-year target
Financial sustainability to deliver on the mandate.	A clean audit report regarding financial statements, compliance and performance information.	Clean audit report	Clean audit report
Increased procurement and effective payments to promote empowered businesses.	Percentage of SMME payments effected within 30 days, in line with NT's procurement strategy.	97%	100%
Increased procurement and effective payments to promote empowered businesses.	Percentage of contracts awarded to SMMEs and small businesses.	12%	14%

Transformation of management control achieved according to the relevant B-BBEE codes.	Achievement of the score calculated according to the B- BBEE scorecard. The maximum score is 20.	16	17
Transformation of staff achieved according to the approved Employment Equity Plan.	Achievement of the employment equity target according to the approved Employment Equity Plan.	73% Black 26% White 1% Other	76% Black 23% White 1% Other

STRATEGIC FOCUS AREA 6: DISCIPLINARY			
Outcome	Measurable Indicator	Performance Targets	
		Baseline	Five-year target
Disciplinary processes concluded swiftly and costs effectively managed.	Disciplinary strategy approved and fully implemented in line with the implementation plan.	Develop and adopt a disciplinary strategy and an implementation plan.	Disciplinary matters scheduled for hearings in line with the approved plan.

8.3 Explanation of Planned Performance over the Five-Year Planning Period

The following outcomes contribute to building investor confidence in the efficiency of capital markets, reduce financing costs and stimulate investment and economic growth (**Impact**).

Outcomes	Contribution of Outcomes	Rationale for choice of outcome indicators	Explanation of enablers to achieve five-year targets	Explanation of outcomes contribution to the achievement of the impact
High-quality audits Ethical behaviour Competent auditors Compliance by auditors Financial stability	Outcomes will contribute to: <ul style="list-style-type: none"> • A competitive base of infrastructure, human resources and regulatory frameworks. • Playing a leading role in continental development, economic integration and human rights. 	To demonstrate that the IRBA is responsive to public needs within its limited resources.	A highly skilled staff complement and sufficient financial resources.	By setting and issuing high-quality auditing and ethics standards, monitoring compliance and enforcing discipline in the auditing profession, investors can rely on the integrity of financial statements and make economic decisions that will contribute to the growth of the economy.

9 Key Risks

Risk name	Objective to which risk is	Root causes of the risk	Consequences of the risk	Mitigating action plans
Sustainability of the IRBA adversely affected	Strengthening the IRBA's organisational capability, capacity and performance.	<ul style="list-style-type: none"> • Inadequate financial resources to fulfil the IRBA's current or expanded mandate. • Scarcity of suitably qualified and experienced technical staff to recruit and replace. • Financial status of the audit firms impacted by reputational challenges may cause further limitations on the IRBA funding required. 	<ul style="list-style-type: none"> • Hampered delivery of the IRBA mandate and additional requests. • Impaired ability to deliver on the mandate. • Burn-out of existing staff. • Business continuity and loss of intellectual capital in the loss of key staff. • Failure to effect any required legislative changes to respond timeously to changing requirements. • Misperceptions of the robustness of the regulator. 	<ul style="list-style-type: none"> • Forge a closer relationship with Ministries (Minister of Finance in particular) and SCOF. • Submit a special request to National Treasury for funding. • Funding model project. • Prepare a plan on the capacity required to meet the current demands. • Regular benchmarking of salaries and conditions of employment. • Ongoing training of staff.

<p>Loss of Confidence in the profession</p>	<p>The education, monitoring and investigation of RAs.</p>	<ul style="list-style-type: none"> • Inspections results indicate a decline in audit quality and RAs behaving unethically. • Lack of regulation of entities listed on the JSE with primary listing not in SA (multinational organisations). • The environmental context – school education, university conditions (“fees must fall”) as well as rankings, professional exams, state capture, low growth, disorder, credibility, opportunism, disregard for law, governance of public entities and corruption – is deteriorating and this will affect audit quality and the pipeline, as well as challenge the standard-setting process. • CPD not achieving its intended objectives and not adequately evaluated (e.g. inputs- and not output-based) and monitored to ensure required competence. • RIs not reported through negligence or intentionally. • Confusion of the role of auditors, and the difference between public sector audits and private sector audits may exist in the market. 	<ul style="list-style-type: none"> • Loss of standing of the RA brand if auditors not competent to discharge their public interest responsibilities. • More entities could look for international listings to avoid the South African regulation and economic environment. • Public reliance on a potentially misleading audit opinion. • Dissatisfaction with one RA leading to negative perceptions of the profession. 	<ul style="list-style-type: none"> • Formally include the Remedial Action Process in the inspections process. • Issue Public Inspections Reports to communicate observations of inspections findings and possible root causes. • Risk-based inspections. • MAFR to strengthen the independence of auditors. • Implementation of the strategy to restore confidence in the profession. • IRBA influencing wider distributions of inspection reports (i.e. JSE listing requirements). • Revision of the CPD Policy. • CPD monitoring processes (random sample), as per the CPD Policy. • ADP used as a tool to influence lifelong learning. • Conduct research to strengthen the competence entry requirements for all audit professionals. • Conduct research on transparency reporting by audit firms. • Issue guidance on audit quality indicators for audit committees. • Conduct ethics workshops. • Implement projects under the Restoring Confidence Strategy.
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10 Public Entities

Name of Public Entity	Mandate	Outcomes	Current Annual Budget (R'000)
Independent Regulatory Board for Auditors	To protect investors and the public interest.	Economic stimulation through trust in capital markets and financial reporting.	R174.2m ¹¹

¹¹ Projected budget for 2020/2021.

PART D: TECHNICAL INDICATOR DESCRIPTION

Education and Transformation

INDICATOR TITLE	AUDIT DEVELOPMENT PROGRAMME (ADP): The number of monitoring visits completed.
Definition	To monitor the environment in which the ADP is offered. Providing an appropriate framework for the education and training of properly qualified auditors.
Source of data	Report from monitoring file. Monitoring visits conducted and signed off by the firm will be collated in the monitoring file.
Method of calculation/assessment	ADCOM approvals, as per minutes and submissions of completed visits.
Means of verification	Proof of approval of the plan by ADCOM, proof of signed-off reports by firms.
Assumptions	The data stored in the monitoring file is reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	ADP monitoring visits are performed in terms of the plan.
Indicator responsibility	Director Education and Transformation
INDICATOR TITLE	MONITOR ACCREDITED PROFESSIONAL BODIES: The number of final monitoring reports to be submitted to the accredited professional body within 10 working days after EDCOM's third quarterly meeting.
Definition	To monitor the programmes and institutional requirements of accredited professional bodies. To establish processes to monitor the programmes and institutional requirements of accredited professional bodies.
Source of data	Monitoring reports. Monitoring reports and emails/date stamps of submissions and issuances.
Method of calculation/assessment	A count of reports, as per reports dates – submission and receipt (emails and date stamps on physical delivery).
Means of verification	Proof dates on reports and emails.
Assumptions	The email data is reliable, valid and timely.

Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	The number of final monitoring reports to be submitted to the accredited professional body within 10 working days after EDCOM's third quarterly meeting.
Indicator responsibility	Director Education and Transformation
INDICATOR TITLE	TRANSFORMATION OF THE PROFESSION: The number of IRBA transformation initiatives held.
Definition	To contribute to the transformation of the profession. To establish processes and projects to contribute to the transformation of the profession.
Source of data	IRBA transformation initiatives. Expenses incurred per financial reports and reports from interventions.
Method of calculation/assessment	Financial reports, invoices and a simple count of IRBA transformation initiatives held.
Means of verification	Financial reports and invoices.
Assumptions	The financial reports and invoices data are reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	Increased awareness of the need to transform the profession.
Indicator responsibility	Director Education and Transformation
INDICATOR TITLE	CONTINUING PROFESSIONAL DEVELOPMENT: An analysis of the CPD monitoring results.
Definition	To assess the competency the profession.
Source of data	Monitoring reports
Method of calculation/assessment	A count of the CPD monitoring analysis reports.
Means of verification	CPD reports.
Assumptions	The reports and data are reliable, valid and timely.

Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	CPD monitoring reports are produced.

Standards

INDICATOR TITLE	AUDITING STANDARDS: Target dates met for issuing auditing pronouncements, audit reports and comment letters.
Definition	Standards and Guidance issued. Issued auditing pronouncements, auditor reports and comment letters.
Source of data	CFAS Project Timetable.
Method of calculation/assessment	(Target dates met for issuing audit pronouncements, auditor reports and comment letters, as per the CFAS Project timetable dates / total number of target dates) x 100 = %.
Means of verification	Proof of approval of plan by CFAS – the CFAS work programme is used as a measure to determine the “completed” documents.
Assumptions	The data stored in the plan is reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Quarterly
Reporting cycle	Quarterly
Desired performance	Projects are performed in terms of the plan.
Indicator responsibility	Director Standards
INDICATOR TITLE	AUDITOR ETHICS: Target dates met for issuing additional guidance on ethical issues, comment letters and Code amendments.
Definition	To adopt and/or develop and issue additional guidance on ethical issues, based on the IRBA Code. Issued additional guidance on ethical issues, comment letters and Code amendments.
Source of data	CFAE Project Timetable.
Method of	(Target dates met for issuing guidance on ethical issues, comment

calculation/assessment	letters and Code amendments, as per the CFAE Project / total number of target dates) x 100 = %
Means of verification	Proof of approval of plan by the CFAE – the CFAE work programme is used as a measure to determine the “completed” documents.
Assumptions	The data stored in the plan is reliable, valid and timely.
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A • Target for youth: N/A • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Quarterly
Reporting cycle	Quarterly
Desired performance	Projects are performed in terms of the plan.
Indicator responsibility	Director Standards

Inspections

INDICATOR TITLE	INSPECTIONS: The number of planned inspections completed.
Definition	Risk-based inspections performed.
Source of data	Inspections plan.
Method of calculation/assessment	Actual inspections, per the booking schedule.
Means of verification	Proof of approval of plan by INSCOM.
Assumptions	The data stored in the plan is reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	Inspections are performed in terms of the plan.
Indicator responsibility	Director Inspections

Investigations

INDICATOR TITLE	INVESTIGATIONS: The number of investigations completed.
Definition	Investigations against registered auditors for improper conduct.
Source of data	Excel database of matters.
Method of calculation/assessment	Date order sorting of excel database, based on “date closed” column – a count of investigations.
Means of verification	Minutes of approval of plan by INVESCO/DAC and excel database.
Assumptions	The data stored in the plan is reliable, valid and timely. The volume of complaints received, and the complexity of certain complaints would be consistent with current matters.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	Investigations are performed in terms of the plan.
Indicator responsibility	Director Investigations

Operations

INDICATOR TITLE	CLEAN AUDIT: A clean audit report regarding financials, compliance and performance information.
Definition	A clean audit report regarding financials, compliance and performance information.
Source of data	Audited annual financial statements.
Method of calculation/assessment	A simple count of the audit report and a review of an unqualified opinion.
Means of verification	Review of the signed audit report.
Assumptions	Internal controls remain effective.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Clean audit achieved.

Indicator responsibility	Director Operations
INDICATOR TITLE	TRANSFORMATION RELATING TO PROCUREMENT: Percentage of SMME payments effected within 30 days.
Definition	Increased procurement and effective payments to promote empowered businesses.
Source of data	Payments report from the accounting system.
Method of calculation/assessment	(Payments made to service providers within 30 days of invoices being received / total number of invoices) x 100 = %.
Means of verification	Payment report reviewed and approved by Director Operations.
Assumptions	The data stored in the report is reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	Payments made within 30 days.
Indicator responsibility	Director Operations
INDICATOR TITLE	TARGETED PROCUREMENT: Percentage of contracts awarded to SMMEs and small businesses.
Definition	Increased procurement and effective payments to promote empowered businesses.
Source of data	Payments report from the accounting system.
Method of calculation/assessment	(Payments made to empowered service providers / total number of payments made) x 100 = %.
Means of verification	Payment report reviewed and approved by Director Operations.
Assumptions	The data stored in the report is reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Contracts awarded to SMMEs and small businesses.
Indicator responsibility	Director Operations

INDICATOR TITLE	TRANSFORMED WORKFORCE – B-BBEE CODES: An achievement of the management control score calculated according to the B-BBEE scorecard.
Definition	Transformation of management control achieved according to the relevant B-BBEE codes.
Source of data	BEE123 reports.
Method of calculation/assessment	Calculation of management control total in terms of the B-BBEE codes and formulas.
Means of verification	Management control report reviewed and approved by Director Operations.
Assumptions	The data stored in the report is reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Promote transformation through targeted employment policies.
Indicator responsibility	Director Operations
INDICATOR TITLE	TRANSFORMED WORKFORCE – EMPLOYMENT EQUITY: An achievement of the employment equity target according to the approved Employment Equity Plan.
Definition	Transformation of staff achieved according to the approved Employment Equity Plan.
Source of data	HR Employment Equity Reports.
Method of calculation/assessment	Calculation of employment equity statistics.
Means of verification	Employment equity report reviewed and approved by Director Operations.
Assumptions	The data stored in the report is reliable, valid and timely.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Targets achieved in terms of the employment equity report.
Indicator responsibility	Director Operations

Disciplinary

INDICATOR TITLE	DISCIPLINARY PROCESSES: Disciplinary Strategy approved and fully implemented, in line with the implementation plan.
Definition	Disciplinary processes concluded swiftly and cost effectively managed.
Source of data	To ensure the development of the disciplinary strategy and the implementation plan, the following inputs are required: <ul style="list-style-type: none"> • Benchmark research conducted on disciplinary processes. • Disciplinary strategy and implementation plan drafted. • A Board-approved disciplinary strategy and implementation plan.
Method of calculation/assessment	The only output that is measured are documents that will be counted and reviewed. The documents that result at various stages are as follows: <ul style="list-style-type: none"> • Benchmark report; • Disciplinary strategy; • Disciplinary strategy implementation plan; • Memo submitting the disciplinary strategy and implementation plan to the Board; and • Board resolution/minutes approving the disciplinary strategy and implementation plan.
Means of verification	Disciplinary strategy and implementation plan approved by the Board.
Assumptions	Disciplinary hearings designed to be conducted swiftly and cost effectively managed.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for women: N/A. • Target for youth: N/A. • Target for people with disabilities: N/A.
Spatial transformation (where applicable)	<ul style="list-style-type: none"> • Reflect on the contribution to spatial transformation priorities: N/A. • Reflect on the spatial impact area: N/A.
Calculation type	Non-cumulative
Reporting cycle	Bi-annually
Desired performance	Disciplinary processes concluded swiftly and cost effectively managed.
Indicator responsibility	Director Legal

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